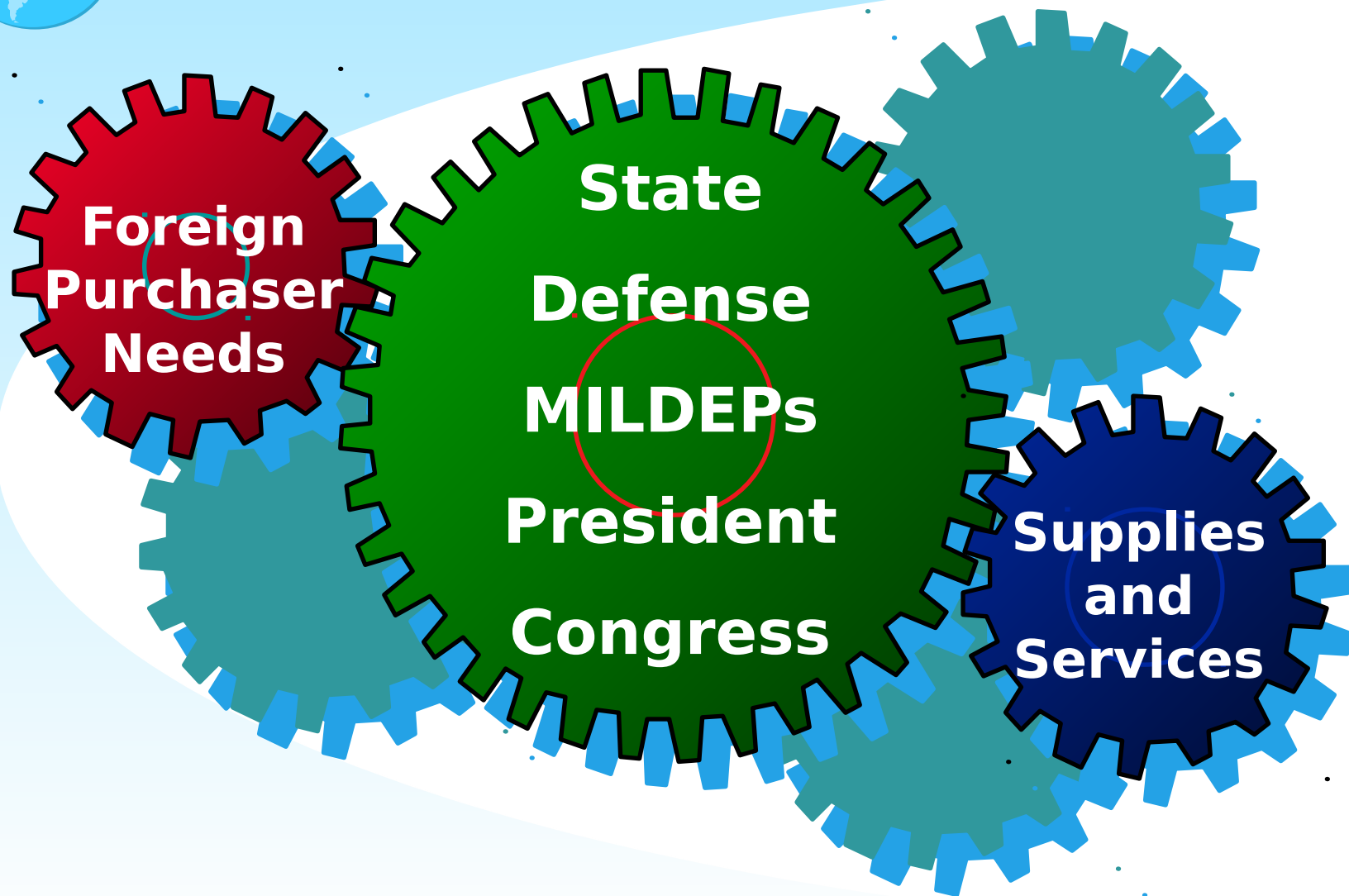




Preliminary Definition &



The Sales Process





International Sales Process

FMS Case lifecycle phases (DISAM Text P-146)

Preliminary, Definition and Request Offer and Acceptance

**(Case Development
SAMM C-1,2,4 & 5)**

Implementation, Execution, and Closure

(SAMM C-6)



FMS TERMINOLGY

What's a FMS Case?

A Gov't to Gov't Agreement
to transfer defense
articles & services is a:

FMS Case=
Letter of Offer &
Acceptance=
LOA=
Case "BN-D-YCY"=
Case YCY



United States of America
Letter of Offer and Acceptance (LOA)
BN-D-YCY
Royal Humdinger

Based on (DISAM) Government of Bandaria (GOB) Letter dated (continued on page 2)
Pursuant to the Arms Export Control Act, the Government of the United States (USG)
offers to sell to the Embassy of Bandaria Office of the Air Attaché 1234 Massachusetts Ave, NW
Washington, DC 20999, the defense articles or defense services (which may include defense
design and construction services) collectively referred to as "items," set forth herein, subject to the
provisions, terms, and conditions in this LOA.

This LOA is for 94 HUM-120A Humdinger Missiles, including co-production of the LAU
HUM 129A/A missile launchers, two years spare parts, contractor (continued on page 2)

Estimated Cost: \$84,829,264

Initial Deposit: \$1,193,236

Terms of Sale:
Cash Prior to Delivery
Dependable Undertaking

Congressional Notification: 04-46

This offer expires on 30 September 2004. Unless a request for extension is made by
the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 30.

The undersigned are authorized representatives of their Governments and hereby
offer and accept, respectively, this LOA:

US Signature Date 21 Aug 2004

RALPH R. PUGSLEY
DIRECTOR, CASE OPERATIONS
Typed Name and Title

HQ AFSAC/CO
Implementing Agency

DSCA Reviewed/Approved 25 Aug 2004
DSCA Date

Information to be provided by the Purchaser

Mark For Code_(C)_, Freight Forwarder Code_(2)_, Purchaser Procuring Agency
Code_D_ Name and Address of the Purchaser's Paying Office: See Original Signed
Document _____

Purchaser Signature Date 28 Sep 2004

A.J. MALAISE, GOB, MIN OF FIN
Typed Name and Title

Agency



Customer Decisions

What Kind
Where
How
Many
Cost
When



**Ministre
D'
Defence
Bandaria**

Needs

**U.S.
Munition
s**

**List
Arms
Export
Control
Act**

**Non-U.S.
Sources**

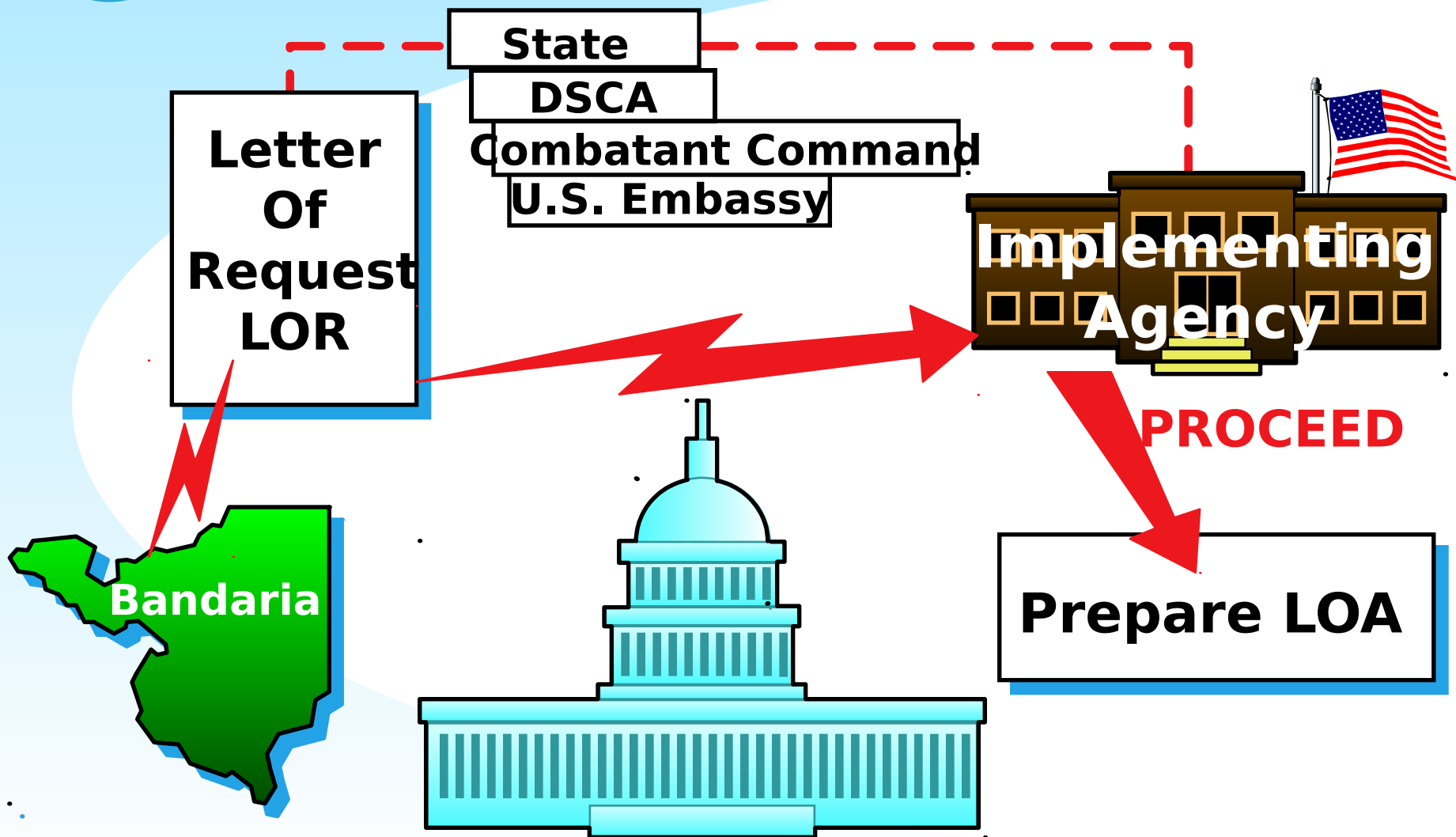
**U.S.
Commercial
Export**

FMS

**Letter
Of
Request
(LOR)**



Channels of Request





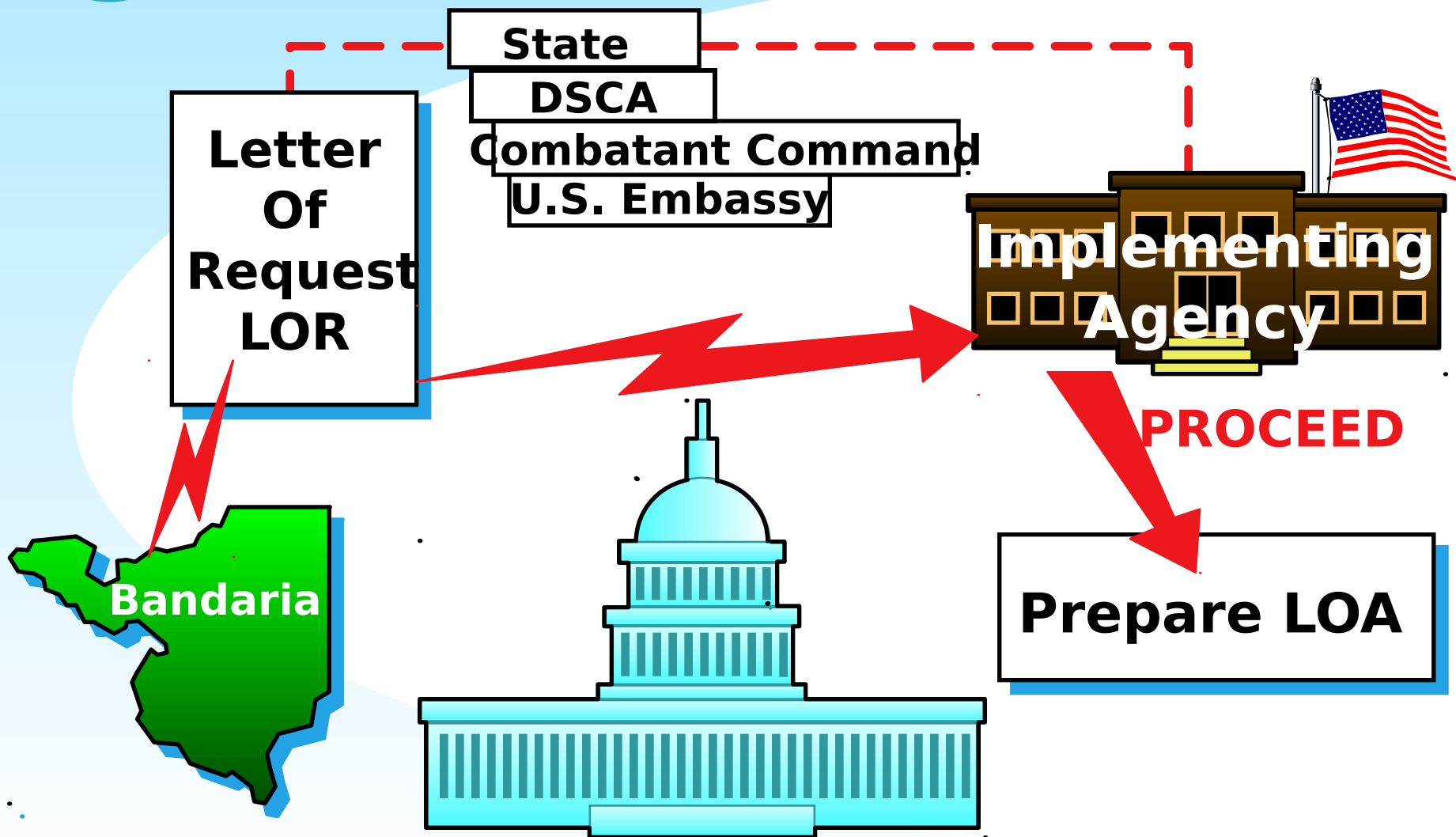
Letter of Request Checklist

- Purpose:
 - P&A- Price & Availability
 - LOA-Letter of Offer & Acceptance
- Purchaser
- Quantity
- Acceptance Timeframe
- Standard Model
- Unique Configuration
- Sole Source
- Delivery Timeframe
- Operations Concept
- Maintenance Concept
- Supply Concept
- Initial Spares
- Transportation
- Services-USG/Contractor
- Training
- Waivers
- Warranties
- Funding Source
- Transparency
- LOI/Lease
- MOU/MOA
- Offsets
- Foreign Competition
- Commercial Negotiations
- Site Survey

**Total
Package
Approach**



Channels of Request





International Traffic in Arms Regulations (ITAR)

- Provides registration / licensing requirements for the commercial export of defense articles, services, and related technical data.
- Includes the United States Munitions List (USML)
- **Identifies “Significant Military Equipment” (SME)**
 - SME requires special considerations because of “Their capacity for substantial military utility or capability”
 - SME also defined in §47(9), AECA
- Identified by an Asterisk (*) on the Munitions List

**[22 CFR 120-
130]**



Major Defense Equipment List

Helicopters

AH-1S Cobra (with T-53-L-703 Engine) System without C-Nite

Approved
Charge

\$147,604

Effective
Date

11 May 89

AH-1W Super Cobra (with 2 T-700-GE-401 Engines)(N)

\$326,461

18 Jun 90

AH-1Z (H1 Helicopter upgrade) with two T700-GE-410 Engines

\$897,452

28 Nov 01

AH-64 Apache Helicopter System (with 2 T-700 Engines) (A)

\$1,045,566

30 Dec 83

\$1,328,033

23 Feb 00

AH-64 (New) Apache Helicopter System with 2 T-700 Engines

\$144,279

7 Aug 91

\$663,082

10 Aug 93

CH-47D Chinook (without T-55 Engines) (A)

\$607,149

3 Jun 91

OH-58D Kiowa with one T-703 engine (with Mast Mtd Sights) (A)

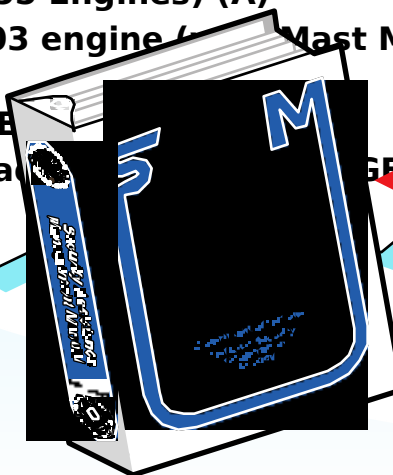
\$761,197

28 Nov 01

SH-2G (with 2T-700-GE-401 Engines)

UH-1Y (H-1 Helicopter Upgrade)

401C Engines



MDE List- SAMM Appendix-1



Country Team Assessment” for SME/MDE LOR’s (SAMM

C5.T1)

U.S. Embassy/SAO Must Address:

- Reason nation desires articles/services
- Effect on recipient's force structure
- Reaction of neighboring nations
- Purchaser's ability to maintain, operate and support
- Economic impact and source of financing
- Human rights considerations
- Should USG approve purchase

SME=Significant Military
Equipment

MDE=Major Defense



Defense Security Cooperation Agency Responsibilities

- Charter-Administer FMS
- Congressional Input
- FMS Country Program & Financial Management
- FMS Trust Fund Mgt.
- Security Cooperation
- Credit Program (FMFP)
- Policy (SAMM)
- Case Closure
- Training Program (IMET)
- FMS Administrative Budget
- Memoranda of Understanding
- Payment Schedules/Special Bills
- Waiver Authorities
- Security Assistance Office Mgt.
- Computer System Development & Management
- Security Assistance Metrics
- Reengineering/IPT's
- Non-FMS Functions



DEPARTMENT of STATE

*Arms Transfer points of
Contact*

Under Secretary for Arms Control & International Security (T)

Bureau of Political-Military Affairs:

Regional Security and Arms Transfers (RSAT)

Director for Defense Trade Controls (DDTC)